

Message Text

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ACTION AF-07

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FM AMEMBASSY MONROVIA

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TAGS: EINV, BDIS, LI, US

SUBJ: VANPLY CONCESSION PROBLEM CLARIFIED

REF: MONROVIA 6418

1. VANPLY VP KES HAANSCHOTEN HAS CONFIRMED REPORT
CONTAINED REFTEL THAT AFRICAN FRUIT CO HAS ATTEMPTED
EXERCISE OPTION ON MAJOR PORTION VANPLY CONCESSION. FACTS
ARE AS FOLLOWS:

A. IN 1952 PRESIDENT TUBMAN GAVE GERMAN-OWNED AFRICAN
FRUIT CO. (AFC) A 40-YEAR, OPEN-ENDED OPTION ON LARGE
TIMBER CONCESSION IN SINOE COUNTY. APPARENTLY THIS OPTION
ALSO SIGNED BY MINISTER AGRICULTURE AND CONFIRMED BY
LEGISLATURE BUT NOT PROPERLY FILED (SEARCH OF TITLE FOR
VANPLY CONCESSION REVEALED NOTHING OF KIND). OPTION COVERS
APPROXIMATELY 300,000 ACRES WITHIN VANPLY CONCESSION AND
OPTION AREA, INCLUDING MAJOR STANDS OF TETRABERLINEA
TUBMANIANA ON WHICH FEASIBILITY VANPLY PLYWOOD MILL BASED.
HOWEVER, AFC NEVER EXERCISED OPTION.

B. IN EARLY 1973, THE MESURADO GROUP OF COMPANIES
(MAJORITY CONTROLLED BY MINFINANCE STEPHEN TOLBERT, WITH
PRESIDENT TOLBERT HOLDING A QUARTER INTEREST) ACQUIRED AFC
IN ITS ENTIRETY. IT QUITE POSSIBLE THAT, AT TIME OF PURCHASE,
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TOLBERTS UNAWARE OF TIMBER CONCESSION OPTION.

C. IN FEBRUARY OF THIS YEAR, AFC FORMALLY NOTIFIED MINISTER AGRICULTURE OF INTENT TO EXERCISE 22-YEAR OLD OPTION. MINAG IMMEDIATELY REALIZED THAT AFC AND VANPLY CONCESSION AREAS OVERLAPPED TO VERY CONSIDERABLE DEGREE.

D. IN MARCH OF THIS YEAR MINAG WROTE TO PRESIDENT TOLBERT ABOUT PROBLEM CREATED BY DISCOVERY AFC OPTION AND SUGGESTED THAT HE AND PRESIDENT GET TOGETHER TO DISCUSS POSSIBLE SOLUTION. NO RESPONSE FROM PRESIDENT.

E. PERHAPS THREE MONTHS AGO VANPLY WAS ADVISED OF SITUATION AND OF GOL QTE MISTAKE UNQTE IN GRANTING BOTH OPTION AND ACTUAL CONCESSION FOR SAME AREA. ASSISTANT MINAG FOR FORESTRY, ANTHONY T. SAYEH LATER SENT VANPLY LETTER EXPLAINING THIS AND STATING THAT BOTH HE AND MINAG WERE OF OPINION THAT VANPLY, WHICH HAD ACTED IN GOOD FAITH, SHOULD NOT BE MADE TO SUFFER. HE ADVISED THAT MATTER WAS AWAITING RETURN OF PRESIDENT TOLBERT FROM US, BARBADOS AND GUYANA, AND EXPRESSED CONFIDENCE THAT PRESIDENT WOULD BE OF SAME OPINION AS MINAG WITH REGARD TO PROTECTING VANPLY.

F. VANPLY TAKING NO ACTION, AS IN A LEGAL SENSE, THEY HAVE NOT YET SUFFERED INJURY. THEY AWAITING RETURN OF PRESIDENT TOLBERT WHO HAS ALWAYS BEEN MOST HELPFUL TO THEM IN HANDLING PROBLEMS THAT HAVE ARISEN. THEY WILL KEE EMBASSY INFORMED OF DEVELOPMENTS.

2. EMBASSY DOES NOT BELIEVE THAT PRESIDENT TOLBERT WISHES PRECIPITATE CONFRONTATION WITH VANPLY OVER THIS ISSUE, MUCH LESS CRANK UP MAJOR GOL-USG SHOUTING MATCH. FOR THAT MATTER, AFTER RECENT ADVERSE PUBLICITY OVER PENCHANT OF BROTHER STEPHEN FOR QTE GOBBLING BUSINESS UNQTE (MONROVIA A-97 OF 11/4/74), SQUEEZING OF VANPLY COULD DO TOLBERTS LITTLE GOOD IN PUBLIC EYES. THIS BEING THE CASE, WE ADMIT TO SOME BAFFLEMENT AS TO STEPHEN TOLBERT'S MOTIVES IN PUSHING OPTION AT THIS LATE DATE. IT POSSIBLE HE HOPES OBTAIN PAYMENT FROM VANPLY TO SECURE CLEAR TITLE, OR TRYING TO FORCE VANPLY TO CUT HIM IN AS PARTNER. VANPLY CONFIDENTIAL

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CLAIMS BOTH OUT OF QUESTION. IT ALSO POSSIBLE THAT, BY BACKING GOL INTO IMPOSSIBLE CORNER, HE HOPES TRADE ACREAGE IN VANPLY CONCESSION AREA FOR ANOTHER CONCESSION ELSEWHERE. WHATEVER HIS INTENT, WILLINGNESS OF STEPHEN TO PLACE HIS BROTHER'S GOVERNMENT IN EMBARRASSING POSITION OF EITHER CANCELLING A TUBMAN-GRANTED OPTION OR GOING BACK ON FIRST FOREIGN CONCESSION AGREEMENT SIGNED AFTER TOLBERT CAME TO POWER (VANPLY) IS FURTHER EXAMPLE HIS RUTHLESSNESS WHEN HIS

PERSONAL INTERESTS AT STAKE.

3. EMBASSY PLANS TAKE NO ACTION AND STRONGLY RECOMMENDS THAT DEPARTMENT TAKE NONE UNTIL WE HAVE INDICATION THAT VANPLY CONCESSION GENUINELY IN PERIL. IF THIS SHOULD DEVELOP, WE WILL APPRAISE GOL AT HIGHEST LEVEL OF POSSIBLE CONSEQUENCES UNDER HICKENLOOPER AMENDMENT TO FAA AND OPIC GUARANTY OF VANPLY INVESTMENT. ONCE APPRISED OF POSSIBLE CONSEQUENCE, WE HAVE NO DOUBT THAT GOL, WHICH ACTIVELY ENCOURAGING PRODUCTIVE FOREIGN INVESTMENT, WILL AVOID CONFRONTATION.
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